

# News

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## IMPORTANT

The Bureau of Labor Statistics (BLS) is reissuing corrected Consumer Expenditure (CE) Survey data for 1999. Mean values of Federal Income Taxes, Personal Taxes, and After Tax Income have changed as a result of this correction. The tables presenting 1998-1999 expenditure data that appeared on this website on May 7, 2001, have been affected by this correction.

## KANSAS CITY CONSUMER EXPENDITURES, 1998-99

Consumer units<sup>1</sup> in the Kansas City, Missouri-Kansas, Metropolitan Statistical Area (MSA) spent an average of \$36,955 per year in 1998-99, according to the latest results from the Bureau of Labor Statistics Consumer Expenditure Survey. Regional Commissioner Bob Gaddie noted that housing and transportation accounted for approximately half of consumer spending in the area. The average household in Kansas City reported income of \$49,495, before taxes, and was comprised of 2.5 persons and 1.5 wage earners. (See table 1; geographical boundaries of the region and area referenced in this release are contained in the technical note.)

In 1998-99, a typical Kansas City household spent about 31 percent of its budget on housing, 21 percent on transportation, 14 percent on food, 10 percent on personal insurance and pensions, 6 percent on health care, and 5 percent each on apparel and entertainment. This distribution of expenditures was generally similar to that of the average household in the Midwest, with the exception of transportation, which accounted for a greater share of expenditures in Kansas City. (See chart 1.) The high level of transportation cost was driven by relatively high expenditures in the volatile vehicle purchases subcomponent. The share of total expenditures spent on each of the major categories by Kansas City area consumer units was close to the spending habits of the average U.S. household.

Chart 1. Percent distribution of average annual expenditures, United States, Midwest region, and Kansas City MSA, 1998-99

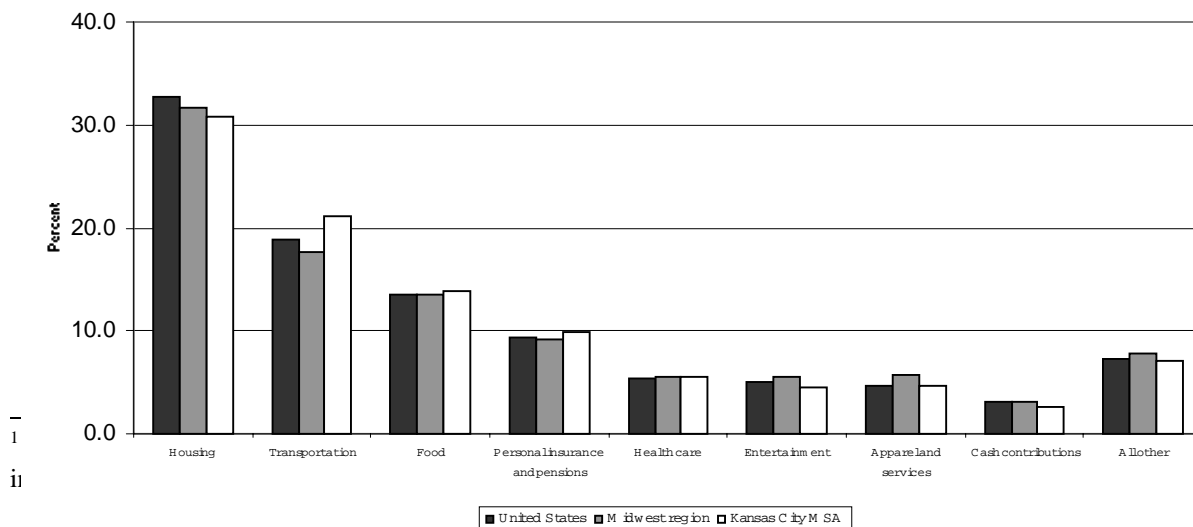


Table 1. Kansas City Metropolitan Area: Average annual expenditures and characteristics, 1998-99.

Item	Kansas City	Share of total expenditures
Number of consumer units (in thousands).....	768	
Income before taxes .....	\$49,495	
Age of reference person.....	43.8	
Average number in consumer unit:		
Persons.....	2.5	
Children under 18.....	0.7	
Persons 65 and over.....	0.2	
Earners.....	1.5	
Vehicles.....	2.2	
Percent Homeowner.....	63	
Average annual expenditures.....	\$36,955	100.0
Food.....	5,115	13.8
Food at home.....	3,254	8.8
Cereals and bakery products.....	437	1.2
Meats, poultry, fish, and eggs.....	916	2.5
Dairy products.....	332	0.9
Fruits and vegetables.....	565	1.5
Other food at home.....	1,005	2.7
Food away from home.....	1,861	5.0
Alcoholic beverages.....	244	0.7
Housing.....	11,421	30.9
Shelter.....	6,538	17.7
Owned dwellings.....	4,194	11.3
Rented dwellings.....	1,979	5.4
Other lodging.....	366	1.0
Utilities, fuels, and public services.....	2,597	7.0
Household operations.....	619	1.7
Housekeeping supplies.....	378	1.0
Household furnishings and equipment.....	1,290	3.5
Apparel and services.....	1,708	4.6
Transportation.....	7,789	21.1
Vehicle purchases (net outlay).....	3,948	10.7
Gasoline and motor oil.....	1,155	3.1
Other vehicle expenses.....	2,383	6.4
Public transportation.....	303	0.8
Health care.....	2,043	5.5
Entertainment.....	1,649	4.5
Personal care products and services.....	307	0.8
Reading.....	144	0.4
Education.....	642	1.7
Tobacco products and smoking supplies.....	302	0.8
Miscellaneous.....	953	2.6
Cash contributions.....	967	2.6
Personal insurance and pensions.....	3,671	9.9
Life and other personal insurance.....	401	1.1
Pensions and Social Security.....	3,270	8.8

Components of income and taxes are derived from "complete income reporters" only; see glossary.

## TECHNICAL NOTES

The Consumer Expenditure Survey (CEX) is an ongoing survey that provides data that are used in a variety of research by government, business, labor, and academic analysts. The data also provide the basis for selecting and weighting the components of the market basket of goods and services measured in the Consumer Price Index (CPI). It consists of two components, a Diary or recordkeeping survey, and an Interview survey. The Diary survey, completed by participating consumer units for two consecutive 1-week periods, collects data on frequently purchased, smaller items; the Interview survey, in which the expenditures of consumer units are obtained in five interviews conducted every 3 months, collects data for larger-cost items and expenditures that occur on a regular basis. The U.S. Bureau of the Census collects the survey data.

Each component of the survey queries an independent sample of consumer units which is representative of the U.S. population. Over the year, about 7,500 consumer units are sampled for the Diary survey. The Interview sample is conducted on a rotating panel basis, with about 7,500 consumer units participating each quarter. The data are collected on an ongoing basis in 105 areas of the country.

The integrated data from the BLS Diary and Interview surveys provide a complete accounting of consumer expenditures and income, which neither survey component alone is designed to do. Due to changes in the survey sample frame, metropolitan area data in this release are not directly comparable to those prior to 1996-97.

The expenditure data in this release should be interpreted with care. The expenditures are averages for consumer units with the specified characteristics, regardless of whether or not a specific unit incurred an expense for that specific item during the recording period. The average expenditure may be considerably lower than the expenditure by those consumer units that purchased the item. This study is not intended as a comparative cost of living survey as neither the quantity nor the quality of goods and services has been held constant among areas. Differences may result from variations in demographic characteristics such as consumer unit size, age, preferences, income levels, etc. Users should keep in mind that prices for many goods and services have risen since the survey was conducted. For example, the Consumer Price Index for All Urban Consumers in Kansas City has risen 4.0 percent between July-December 1999 and July-December 2000.

In addition, sample surveys are subject to two types of errors. Sampling errors occur because the data are collected from a representative sample rather than the entire population. Nonsampling errors result from the inability or unwillingness of respondents to provide correct information, differences in interviewer ability, mistakes in recording or coding, or other processing errors. The year-to-year changes are volatile and should be interpreted carefully.

Some expenditure components are subject to large fluctuations from one year to the next because these components include expensive items that relatively few consumers purchase each year. Thus, shifts from year to year in the number of consumers making such purchases can have a large effect on average expenditures. Examples of these types of expenses are purchases of new cars and trucks in the transportation component, and spending on boats and recreational vehicles in the entertainment component.

## GLOSSARY

**Consumer unit** - A consumer unit is comprised of: (1) all members of a particular household who are related by blood, marriage, adoption, or other legal arrangements; (2) a person living alone or sharing a household with others or living as a roomer in a private home or lodging house or in permanent living quarters in a hotel or motel, but who is financially independent; or (3) two or more persons living together who pool their income to make joint expenditure decisions. Financial independence is determined by the three major expense categories: Housing, food, and other living expenses. To be considered financially independent, at least two of the three major expense categories have to be provided by the respondent.

**Complete income reporters** - The distinction between complete and incomplete income reporters is based, in general, on whether the respondent provided values for major sources of income, such as wages and salaries, self-employment income, and Social Security income. Even complete income reporters may not have provided a full accounting of all income from all sources. In the current survey, across-the-board zero income reporting was designated as invalid, and the consumer unit was categorized as an incomplete reporter. In all tables, income data are for complete income reporters only.

**Expenditures** - consist of the transaction costs, including excise and sales taxes, of goods and services acquired during the interview or recordkeeping period. Expenditure estimates include expenditures for gifts, but exclude purchases or portions of purchases directly assignable to business purposes. Also excluded are periodic credit or installment payments on goods or services already acquired. The full cost of each purchase is recorded even though full payment may not have been made at the date of purchase.

**Income before taxes** - The total money earnings and selected money receipts during the 12 months prior to the interview date.

**Metropolitan Statistical Areas (MSAs)** - The general concept of an MSA is one of a large population nucleus, together with adjacent communities which have a high degree of economic and social integration with that nucleus. The metropolitan statistical areas covered by the Consumer Expenditure Survey represent areas designated by the U.S. Office of Management and Budget and are based on definitions in effect as of December 1992. The following are the definitions of the metropolitan areas used in this release:

Kansas City, Missouri-Kansas includes Cass, Clay, Clinton, Jackson, Lafayette, Platte, and Ray Counties, MO; and Johnson, Leavenworth, Miami, and Wyandotte Counties, KS.

**Regions** - Consumer units are classified by region according to the address at which the family was residing during the time of their participation in the survey. The Midwest region includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

